

Request ML 5

5. Reference ICC Staff Exhibits 11.0 and 11.1 page 2 of 18.
- a. Do you agree that the Other Operating Revenue amount of \$175,016 shown on page 2 of 18 of ICC Staff Exhibit 11.1 Includes the full \$54,004 for the City of Kankakee Franchise tax?
  - b. Do you agree, as stated in your rebuttal testimony (ICC Staff Exhibit 11.0 lines 269 - 278), that the City of Kankakee Franchise Tax should be removed from Taxes Other than Income since it is not actually an operating expense since it is a pass through?
  - c. Do you agree that the adjustment to Taxes Other than Income shown on page 1 of 2 of ICC Staff Ex. 7.0R Schedule 7.01 page 1 of 2 Unredacted should be changed to a negative \$54,004 to reflect the fact that the Company Rebuttal position increased the Taxes Other than Income by the difference between the \$39,379 amount in the original filing and the \$54,004 in the Company's Rebuttal position?
  - d. Do you agree that an adjustment to Taxes Other than Income in Aqua Exhibit 7.14 page 1 of 2 line 21 should be made to reduce this account by the \$54,004 that has been included for the City of Kankakee Franchise Tax?
  - e. Do you agree that if the Operating Expenses of the Company do not include the amount of the City of Kankakee Franchise Tax then the operating revenues of the Company should not include the amount for the City of Kankakee Franchise Tax except for the \$1,573 that is retained by the Company for administrative expenses?
  - f. Do you agree that the \$175,016 in Other Operating Revenue shown on page 2 of 18 of ICC Staff Exhibit 11.1 should be reduced by \$52,431 to a total amount of \$122,585?

RESPONSE

- a. Aqua's response to Staff data request ML-2.04 indicates that \$54,004 in City of Kankakee Franchise tax is included in \$96,302 of Other Water Revenues. Based upon that response, Mr. Luth agrees that \$54,004 is included in the Other Operating Revenue amount of \$175,016 shown on page 2 of 18 of ICC Staff Exhibit 11.1.

- b. Mr. Luth agrees with the proposition stated in Data Request 5(b).
- c. Mr. Luth agrees with the proposition stated in Data Request 5(c).
- d. Mr. Luth agrees with the proposition stated in Data Request 5(d).
- e. For the purpose of establishing rates based upon the Commission's Order in this docket, if the Operating Expenses of the Company do not include the amount of the City of Kankakee Franchise Tax, then the operating revenues of the Company should not include the amount for the City of Kankakee Franchise Tax except for the \$1,573 that is retained by the Company for administrative expenses.
- f. Mr. Luth does not agree that the \$175,016 in Other Operating Revenue shown on page 2 of 18 of ICC Staff Exhibit 11.1 should be reduced by \$52,431 to a total amount of \$122,585 because the revenue requirement that serves as the basis for rates shown on pages 1 and 2 of 18 of ICC Staff Exhibit 11.1 includes \$748,882 of Taxes Other than Income, as shown on page 9 of 18 of ICC Staff Exhibit 11.1.

If the net amount of \$709,503 of Taxes Other than Income (\$748,882 - \$39,379 or \$763,507 - \$54,004), which would result after the elimination of the amount for City of Kankakee Franchise Tax, was to be included in the revenue requirement shown on page 9 of 18 of ICC Staff Exhibit 11.1, Mr. Luth agrees that the \$175,016 in Other Operating Revenue shown on page 2 of 18 of ICC Staff Exhibit 11.1 should be reduced by \$52,431 to a total amount of \$122,585.

Prepared by Mike Luth